

## KUHN, LOEB TO GET \$2,000,000 EXTRA FROM STEEL MERGER

## Chadbournes Also to Make \$1,000,000 for Promoting North American.

## JAIL HINT TO SCHIFF

## Untermeyer at Inquiry Fails to Make Him Admit to Washing Sales.

**MANIPULATIONS DENIED**

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**Stock Offered to Public at \$43  
Will Go to Underwriters  
and Lawyer at \$10.**

Pursuing his inquiry into the merger of the Midvale, Republic and Inland Steel companies, Samuel Untermyer, counsel to the Lockwood Housing Committee, established yesterday through Mortimer L. Schiff that his firm, Kuhn, Loeb & Co., as syndicate managers and underwriters of the merger, stand to make approximately

Thomas L. Chadbourne, counsel to some of the interested companies, will make something over \$1,000,000 for his efforts as promoter of the consolidation, it was shown.

Mr. Schiff was the principal witness at the day's session of the committee. He had frequent oral clashes with Mr. Untermyer, in one of which the banker was warned that he "was taking chances on going to jail." He retorted that if he did so Mr. Untermyer would accompany him. Nevertheless Mr. Schiff disclosed the terms

under which Kuhn, Loeb & Co. are to handle the merger—information which the committee had been seeking vainly for several days.

Mr. Chadbourne relied on his professional relationship as counsel for the steel companies and frequently refused to disclose information.

Mr. Untermeyer questioned Mr. Chadbourne particularly with regard to disclosures in which the latter participated.

and at which third parties were present but Mr. Chubbournne refused to answer except in cases where the information was of little value to the committee. He refused flatly to bring papers affecting the merger with him when the committee meets next Thursday.

**Inside Story of the Merger.**

The chief points of the merger dis-

Mr. Schiff admitted that Kuhn, Loeb & Co. is to organize a syndicate with a cash application of \$64,064,925, and that it will purchase \$25,351,475. par value preferred, of the new issue, to be known as North American Steel, and 505,331 shares of common.

This stock will be offered at \$30 for the preferred and \$43 for the

In addition Kuhn, Loeb & Co. is to have the privilege of buying 59,500 additional shares of North American common at \$10 a share, in order to assure the firm a substantial financial interest in the merger, and that Chadbourne may buy 25,500 shares at the same price as recognition of his work in directing negotiations. The syndicate also is to provide

The basis of the trade with the Interstate Commerce Commission to be \$5 in

Indiana Steel Company is to be paid instead of \$0 for the preferred and that a fund of approximately \$24,000,000 is provided to satisfy the in-land preferred shareholders.

Mr. Schiff expected that the common stock of the North American Steel will sell higher than 48 and that it will be listed on the Stock Exchange within a week or two.

A letter from Emil Mossbacher, a curb broker, received by the Curb

Market Friday morning, requesting permission to trade in North American was introduced.

Mosesbacher defaulted on a subpoena when the committee sought to examine him as to who wanted the stock listed on the curb.

Alfred B. Sturges, secretary of the Curb Market, admitted that trading in North American stock began Friday at 1 o'clock by permission of the

**Untermyer Defends His Holdings.**  
Mr. Untermyer and Mr. Schiff began to cross verbal lances practically at the beginning of the banker's examination. Mr. Schiff's rejoinders to some of Mr.

Mr. Untermyer's questions, particularly when he referred to Mr. Untermyer's own holdings in Bethlehem Steel, caused the lawyer to characterize them as a "contemptible reference," and to remind the committee that his holdings in that company had existed for fifteen years; that they were an investment and not a speculation and fully on record before the committee.

Mr. Schiff declined to do so, on the ground that some of the data was confidential, and that the merger, as far as some of the companies considered had been concerned, did not go through.

Mr. Schiff denied that he had talked with J. P. Morgan over the withdrawal of the Youngstown Sheet and Tube Company from the combination. The witness

produced the initialed copy of the agreement between the three companies to